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UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA

In re:

USA Commercial Mortgage Company,

Debtor.

Case No. BK-S-06-10725-LBR

Chapter 11

**DECLARATION OF GEOFFREY L.
BERMAN IN SUPPORT OF
OMNIBUS OBJECTION OF USACM
TRUST TO PROOFS OF CLAIM
BASED UPON INVESTMENT IN
HESPERIA II LOAN**

Hearing Date: September 30, 2011

Hearing Time: 9:30 a.m.

Estimated Time for Hearing: 10 minutes

I, Geoffrey L. Berman, declare under penalty of perjury:

1. I am an adult person competent to testify in court.
2. I make this declaration based upon my personal knowledge, and upon the records USA Commercial Mortgage Company.
3. I am the Trustee of the USACM Liquidating Trust ("USACM Trust"), which is an entity created by the Debtors' Third Amended Joint Chapter 11 Plan of Reorganization ("Plan"), in the jointly-administered bankruptcy cases, In re USA Commercial Mortgage Company, BK-S-06-10725-LBR, pending in the United States Bankruptcy Court for the District of Nevada.

4. USACM circulated an Offer Sheet to prospective Direct Lenders soliciting funding for a loan to Southern California Land Development, LLC, described as a joint venture between USA Investment Partners and Monaco Diversified Corporation. A copy of the Offer Sheet is attached hereto as **Exhibit B** and incorporated by this reference. The total loan amount proposed was \$4,250,000. The Offer Sheet stated the investment would be secured by a “second deed of trust on 7 different parcels totaling approximately 60.5 acres of land in Hesperia, California near Main Street and Interstate 15.” The Offer Sheet further provided that the loan would provide the Borrower with a “return on equity invested as well as satisfy development and construction lender requirements and provide for the balance of the hardscape” and model home furnishings. The Offer Sheet further stated that the combined loan to value of both the first and the second loans on the property was approximately 67% based on estimated comparable sales of lots in the area. Pursuant to the Offer Sheet, an appraisal update for the land was in process.

5. On April 1, 2005, the Borrower made and delivered to various lenders, including the Direct Lenders identified in **Exhibit A**, a “Promissory Note Secured by Deed of Trust,” in the amount of \$4,250,000 (the “Note”) and a Loan Agreement. The Loan Agreement and Note provided for an initial loan of \$3,400,000, with potential subsequent advances up to \$4,250,000. The Note was secured by a “Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing” (the “Deed of Trust”) from Borrower in favor of the Direct Lenders that was recorded in the official records of San Bernardino County, California on April 27, 2005 at Instrument Number 20050294868, as were subsequent amendments to the Deed of Trust securing additional advances. The Loan Agreement expressly provides that the loan funds will be used to refinance and pay costs of obtaining certain entitlements, and further provides that the Deed of Trust “shall be subordinate to one senior deed of trust on each parcel in favor of Vinyard Bank [sic].”

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